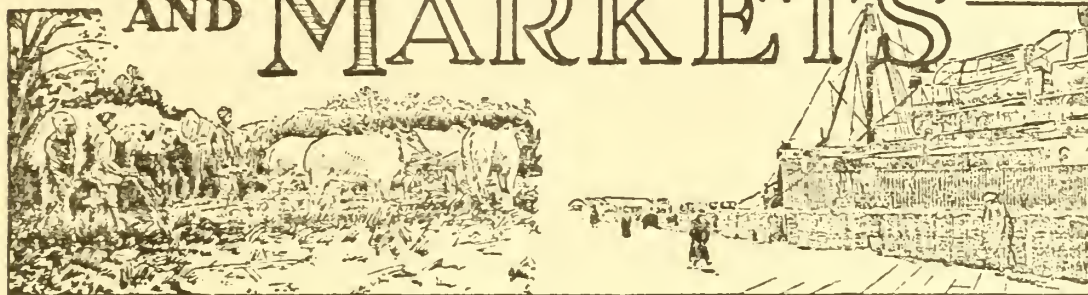


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# FOREIGN CROPS AND MARKETS



ISSUED WEEKLY BY  
THE FOREIGN AGRICULTURAL SERVICE  
BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C.

VOL. 30

MAY 13, 1935

NO. 19

## FEATURE ARTICLE

### AGRICULTURAL CREDIT IN FRANCE

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## L A T E C A B L E S

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Canada intended acreages for spring crops, as of May 1, 1935, with 1934 harvested acreages in parentheses: Spring wheat 22,808,000 acres (23,559,000), oats 14,316,000 (13,731,000), barley 3,798,000 (3,612,000), spring rye 135,000 (148,000), flaxseed 217,000 (227,000), mixed grains, 1,179,000 (1,159,000), potatoes 524,000 (569,000). Fall sowings of wheat winter-killed placed at 126,000 acres, or 19 percent, leaving 537,000 acres for harvest. The season is very late, except in Ontario, but with two weeks of warm, clear weather, prospects would be considered very good. (Dominion Bureau of Statistics, Ottawa, May 9, 1935.)

Czechoslovakia acreage sown for the 1935 harvest reported as follows, with 1934 comparisons in parentheses: Wheat 2,387,000 (2,329,000), rye 2,472,000 (2,473,000), barley 1,608,000 (1,647,000), oats 1,953,000 (1,971,000), flax 28,000 (23,000). Morocco wheat and barley crops forecast at about one half of the 1934 harvests. Hungary crop condition of cereals very good on April 30. (International Institute of Agriculture, Rome, May 10, 1935).

London wool sales, third series for 1935, opened May 8 with prices 5 to 15 percent higher for most types than at closing of preceding series on March 26. Bradford was the chief buyer, with France buying merinos and Germany a few crossbreds. On May 10 the home trade was quieter and German competition stronger on crossbreds and medium and finest merinos. Withdrawals negligible. (Agricultural Attaché E. A. Foley, London, May 8 and 10, 1935.)

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## C R O P   A N D   M A R K E T   P R O S P E C T S

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## BREAD GRAINS

The Danube Basin Wheat SituationCrop Prospects

Spring sowings of wheat were completed in the Danube Basin by April 15, according to the Belgrade office of the Foreign Agricultural Service. Low temperatures and heavy rains retarded germination, however, and hindered the growth of winter wheat to some extent. No estimates of the total area sown to wheat are yet available, but spring sowings were about average, and so far abandonment of winter acreage has been somewhat less than usual. The condition of the crop was considered very good.

Market Conditions

Not quite one half of the exportable wheat surplus of the Danube Basin was exported during the 10-month period, July-April 1934-35. This leaves about 16,500,000 bushels yet to be disposed of, which, according to trade sources, is divided equally among Hungary, Rumania, and Yugoslavia. Stocks on May 1 were negligible in Bulgaria, where grain crops were small in 1934 and domestic consumption of wheat somewhat above average.

Exports from Hungary contracted for under the Rome Agreement have been completed, 5,500,000 bushels, having been delivered to Austria and 3,674,000 bushels to Italy. Shipments are still being made to Austria under a trade agreement between the two countries, but Austrian demand is slow. Switzerland recently purchased 357,000 bushels for delivery by June 30, and in April Italian importers took an additional parcel of 194,000 bushels. The wheat commissioner of Rumania was authorized by a decree of April 9 to export 3,674,000 bushels of wheat from the accumulated stocks, and half of this was sold, f.o.b. an English port, to a temporary association of Rumanian industrialists who will use the proceeds in payment for desired imports, but actual shipments to the United Kingdom have been delayed. Negotiations for shipments to Austria have had no definite results as yet, and earlier prospects of sales to Czechoslovakia failed to materialize. Yugoslavia continued to export to Czechoslovakia, according to contract, but deliveries were slow on account of large stocks in the latter country. Negotiations with Austria were in progress, but no results had been reported.

Wheat prices on the Danubian markets showed a decline during the first half of April. Deliveries increased as roads improved and field work became less pressing. In Hungary, the official minimum price for wheat was abolished on April 10. This, together with the heavy stocks on hand, contributed to declining prices.



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Chilean Wheat Supplies Assured

A preliminary forecast of the 1934-35 wheat crop in Chile indicates a probable harvest of 31,110,000 bushels, according to Vice Consul Camden L. McLain at Santiago. This compares with 35,233,000 bushels produced in 1933-34. Although the acreage sown for the 1934-35 crop was slightly larger than in the previous season, yields were disappointing, being the lowest in 20 years with the exception of those in the poor seasons of 1930-31 and 1931-32. No shortage of wheat is expected, however, since there was a carry-over of about 1,800,000 bushels from 1933-34 and some 750,000 bushels of Argentine grain have already been purchased. These supplies are expected not only to cover domestic consumption and seed requirements but also to permit the exportation to Peru of a moderate quantity of Chilean hard wheat.

In February 1934 a law was passed authorizing the Chilean Export Board to purchase domestic wheat and wheat products at a fixed price whenever a surplus should be available above domestic needs. When, on the other hand, a shortage was in prospect, the Board was to import wheat, duty free, and resell it in Chile at such a price as would cover the actual cost. This law was to be in force until June 30, 1935. See "Foreign Crops and Markets," March 12, 1934.

The Shanghai Wheat Market

Two cargoes of Australian wheat for immediate shipment were purchased by Shanghai mills during the week ended May 3, according to the Shanghai office of the Foreign Agricultural Service. About three more cargoes are needed for June delivery to be mixed with early arrivals of domestic wheat. The flour market continued firm with strong demand from Tientsin. Mills were still operating at 65-percent capacity. Flour stocks were very low, and a premium of 5 cents per bag was being paid for spot delivery.

Prices of wheat, c.i.f. Shanghai, duty included for May shipment, were quoted as follows: Australian 89 cents per bushel, Argentine 85 cents, Danubian 82 cents. Domestic flour for May delivery was \$1.00 per bag of 49 pounds, June delivery \$0.99. Australian flour, c.i.f. Hongkong, was \$3.30 per barrel of 196 pounds.

Rye and Maslin in the Danube Basin

Although spring sowings of rye and maslin were practically completed in the Danube Basin by April 15, no estimates of total acreage are yet available, according to the Belgrade office of the Foreign Agricultural Service. Warm weather was needed to aid germination, but moisture supplies were considered adequate, and the winter crop was in good condition, with practically no abandonment indicated.

## CROP AND MARKET PROSPECTS, CONT'D

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About 1,400,000 bushels of rye were exported from the Basin during July-April 1934-35, leaving about 965,000 bushels of the exportable surplus on hand as of May 1, most of which was in Hungary. While some of this may be placed before June 30, a large part will probably be carried over into the new season. Austrian importers showed some interest in rye from Hungary in early April, but in the face of increased offers of domestic wheat, takings almost ceased. Should Hungarian prices decline sufficiently, it was thought, however, that exports to Austria might revive. Prices in Hungary decreased considerably during April as a result of the small volume of exports and reduced domestic demand, but in other Danubian countries quotations remained unchanged.

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## COTTON

Japanese Takings of American Cotton Reduced

According to information received from the Shanghai office of the Foreign Agricultural Service (quoting Consul Donovan at Kobe), imports of American cotton into Japan during March amounted to 93,097 bales; while imports of Indian cotton during the same period were 170,938 bales. For the United States this import figure represents a decline of 54 percent, compared with February and practically a similar decline (53.4 percent), compared with March 1934. The imports of Indian cotton also show a decline, but a much smaller one than those of American cotton. Thus, as compared with February the Indian cotton imports dropped only 10 percent, and 2.5 percent compared with March 1934.

The sharp decline of American cotton imports may be traced to the following causes: (1) The usual seasonal decline, (2) price parity in terms of Indian Akola and American strict middling continued to favor Indian cotton, and (3) the large supplies of unsold American cotton held by Japanese merchants. Notwithstanding the sharp decline in recent months, total Japanese imports of American cotton this season, through March 1935, amounted to 1,200,000 bales or 50,000 bales larger than during the same period a year ago. Total imports of Indian cotton for the same period this season amounted to 800,000 bales, which is 150,000 bales above the previous season's imports. The available stocks of American cotton, both in mills and in hands of merchants, are not sufficient to cover the requirements of the mills until the next crop arrives. To take care of this deficiency it is held that the mills must purchase another 200,000 bales of American cotton.

For the production of yarn during March, the Japanese mills used up 232,518 bales, or 10,000 bales less than in February. This was not due to a decline in the rate of production, but to fewer working days. The rate of production was maintained near recent high levels despite an increased

## CROP AND MARKET PROSPECTS, CONT'D

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curtailment rate effective April 1 for the next three months. The effective curtailment rate during the second quarter of 1935 is 23.8 percent compared with 10.0 percent for the first quarter. The yarn sales during March increased, amounting to a 40-day output. The prices of yarn improved during March, with the result that, while mills were still losing on 19 and below and breaking even on 20 to 22 count, they are making a small profit on 23 to 44 count, and a good profit on the 45 count yarns and above.

Export demand for piece goods increased in March, amounting to a total of 273,000,000 square yards; this is an increase of 55,835,000 square yards compared with February exports. New export demand was slow in all grades of piece goods. The domestic demand for both yarn and piece goods was dull during March.

It is reported that Osaka firms have purchased between 6,000 and 7,000 bales of Haitian cotton for May shipment, as well as 7,000 bales of Queensland cotton for immediate shipment. The purchase of Haitian cotton is a result of a quota imposed on Japanese piece goods by Haiti, pending adjustment of balance of trade which greatly favors Japan. Low grade American cotton will probably be mixed with the one purchased. In general, Haitian cotton is still in an experimental stage in Japan. See table on page 537.

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## TOBACCO

American Tobacco Export Situation Less Favorable

With only three months remaining of the flue-cured tobacco export season and six months of the season for less important types, United States exports of leaf tobacco, including stems and scrap, to March 31, 1935, were 10 percent below exports to the same date in the 1933-34 season. <sup>a/</sup> The decrease of 31,000,000 pounds is the net result of an increase of about 11,000,000 pounds exported to the British Isles (United Kingdom and Ireland) and a decrease of 42,000,000 pounds in exports to China and Japan. Exports to Continental Europe were also slightly smaller, while the exports to Australia and Canada were somewhat larger.

Exports of flue-cured tobacco during the 9 months ended March 31 were only 223,261,000 pounds as against 263,221,000 pounds during the corresponding period of 1933-34. The decrease of 39,960,000 pounds (15 percent) is to

<sup>a/</sup> See tables on page 141, "Foreign Crops and Markets", February 11, 1935, and page 620, December 10, 1934, for previous export figures.



## CROP AND MARKET PROSPECTS, CONT'D

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be compared with the decrease of 24,347,000 pounds recorded at the end of six months. Most of the 9 months' decrease is attributable to smaller exports to China and Japan. The situation pertaining to flue-cured tobacco dominates the situation for all types because most of the tobacco exports (72 percent in 1933-34) are of this type.

Exports of the other types of tobacco, chiefly to Continental Europe, were 8,522,000 pounds larger during the six months ended March 31 1935, than during the corresponding six months of 1933-34. Of this increase 4,107,000 pounds is attributable to Kentucky-Tennessee fire-cured tobacco exported to Continental Europe. Exports of the other types are relatively unimportant and no significant difference exists in the exports during the 9-month period of these two seasons. See tables on page 538.

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FRUITS, VEGETABLES, AND NUTSEngland and France Have Good Apple Set

Blossoming of apples was generally good in England and France and the set has been satisfactory, according to F. A. Motz, Fruit Specialist in Europe for the Foreign Agricultural Service. Unless disturbed by unfavorable weather, tree crops in general will be good. Care given to orchards this spring in England has been more extensive than usual. Spraying was more thorough than in 1934. Condition of the trees is reported to be generally satisfactory, and no serious diseases or pest troubles have been reported except to plums.

Blossoming of early apples was variable but mostly fair to good. Pears bloomed plentifully in most districts. There was some frost damage in Cambridgeshire. Plums are healthy except in the Evesham and Pershore areas where caterpillars and aphids are reported. The important Kent area reports a good plum crop. In the Rhone Valley of France fruit prospects are good. Trees blossomed well in Brittany and the Loire Valley. The weather in France generally has been favorable for setting of fruit and a good season is expected.

South African Dried Fruit Production Reported Smaller

The production of dried fruit in the Union of South Africa will be about 15 percent smaller than last year, according to W. E. De Courcy, American Consul at Capetown. Higher production of sultans is expected to be offset by curtailed production of dried apricots, peaches, and pears.

The deciduous fruit crop this year is considerably smaller than in 1934, according to shipments of fresh fruits since the marketing season

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began in December. The decline was particularly noticeable with respect to peaches, plums, and fresh prunes.

Fresh grape exports were slightly in advance of last year at the end of February but the movement during March and April is generally the most significant part of the annual shipments. The production of raisins may be somewhat stimulated this year by the recent action of the Wine Growers' Cooperative Association. It has raised the export subsidy to exporters of raisins and sultanas from 1/2 penny to 3/4 penny per pound for the 1935 crop. This increased subsidy is offered as an inducement to growers to divert a larger proportion of their wine grapes into drying channels. However, similar efforts in the past have not proved conspicuously successful.

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## LIVESTOCK, MEAT, AND WOOL

South African Wool Estimate Reduced

Production of wool in the Union of South Africa and adjacent countries is not expected to exceed 205 million pounds during the 1934-35 season, according to the Department of Agriculture of the Union of South Africa. Early season estimates placed the clip at 245 million pounds. In 1933-34 wool production was 270 million pounds and in each of the five preceding years it slightly exceeded 300 million pounds. The present estimate of 205 million pounds for the 1934-35 clip is smaller than the production in any year since 1923-24, up to which time it had never reached 200 million pounds. The severe drought in 1932-33, and the heavy losses from disease in 1933-34, are held primarily accountable for the reduction of about 35 per cent from the record clip of the 1932-33 season.

Receipts of wool by rail at Union ports during the 9 months ended March 31 were only 173 million pounds compared with 241 million pounds during the corresponding period of last season and 280 million pounds during the same 9 months of 1932-33. Receipts during April, May, and June are normally small and consist chiefly of short wools of six to eight months' growth.

The shortage of South African wool this season makes itself felt on the prices of fine Merino wool because practically all of the production is of this type. Two years ago the South African clip represented 10 percent of the world's production of wool and a much higher percentage of the wool of Merino type. Between September and March the price of 70's combing wool at South African ports rose 2 to 2 1/2 pence per pound, clean scoured basis, while the price of 60's super oil combing tops at Bradford dropped about 2 pence per pound. There was, meanwhile, no appreciable change in exchange rates.

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## GERMAN SUBSIDIZATION OF AGRICULTURE

A recent decree authorized the Reich Minister of Finance to assume financial guarantees aimed at promoting the production of certain German agricultural products, according to a report from the Berlin Office of the Foreign Agricultural Service. The first and most important of these guarantees is the allotment of 8,000,000 Reichsmarks (\$3,200,000) for the promotion of sheep breeding and wool production in Germany. In addition, 5,000,000 Reichsmarks (\$2,000,000) are provided for the establishment of plants for the retting of flax and hemp.

Under the former German trade policy the production of the above products declined to a very low level, but the aim of the present government is to bring Germany as near to self-sufficiency as possible in the production of all agricultural products. The fixation of prices for German wool has already brought about an increased interest in sheep production, and extension of government credits to the sheep industry is expected to result in a substantial increase in sheep numbers. During the last couple of years the production of flax and hemp has expanded considerably, largely as a result of various forms of subsidies paid to growers. Plants for processing these products, however, must be expanded in order to take care of the increased production. This expansion is expected to be effected by the use of government credits.

In addition to encouraging production, the above decree authorizes financial guarantees for carrying out the market regulations established by the present government. Thus, the Reich Minister of Finance is authorized to make available 30,000,000 Reichsmarks (\$12,000,000) for the regulation of the marketing of livestock and livestock products. Special funds are also to be made available for smoothing out the seasonal fluctuations in supplies of eggs and butter. In this connection the Reich Office for Dairy Products, Oils, and Fats and the Reich Office for Eggs may obtain loans for the purchase and storage of seasonal surpluses of butter and eggs.

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## THE PROGRESS OF THE SOWING CAMPAIGN IN THE SOVIET UNION

Sowings in the Soviet Union were taking place practically throughout the country by the middle of April except in some of the northern regions of European Russia and parts of Siberia. An area of 55,000,000 acres was sown to spring crops by April 15, constituting about a fourth of the acreage specified by the 1935 sowing plan. The sowings continued to exceed those of any other year since the beginning of mass collectivization in 1929-30 (see table on following page).

Of the different regions, considerable progress was made by the Ukraine which increased the acres seeded since the last sowing report of

## THE PROGRESS OF THE SOWING CAMPAIGN IN THE SOVIET UNION, CONT'D

April 10 from 38.6 percent of the plan to 53.9 percent and was approaching the area sown by the middle of April a year ago. The Lower and Middle Volga regions as well as North Caucasus and Azov-Black Sea regions continued to forge ahead of last year. The Central Black Soil area nearly reached last year's sowing by mid-April.

No figures of the acreage sown to individual crops are as yet available. It was stated, however, in the Soviet press that the sowings of barley up to April 10 and the sugar beet plantings were lagging behind last year. On the other hand, the acreage planted to cotton exceeded that of 1934. A larger acreage was also planted to sunflower seed, 3,079 acres up to April 15 as compared with 2,308,000 during a similar period a year ago.

While the Soviet reports generally indicate considerable progress made with regard to the quality of work during the present as compared with preceding sowing campaigns, they point out at the same time, that in a number of districts there was observed a tendency to break records in seeding a large acreage without paying much attention to agronomic requirements. Among other defects are mentioned slow spring plowing, and in this connection it should be noted that the fall ploughed area available during the present sowing campaign exceeded that of any previous season (see "Foreign Crops and Markets," April 29, 1935, p. 438).

Good rains in the southern and central regions of the European part of the Union during the first 10 days of April reduced the danger of spring drought in these sections. There was little precipitation, however, over a large part of the Volga area, which is especially subject to dangerous droughts, and the Ural area, but this condition was apparently relieved by abundant rains on April 20.

## Area sown to all spring crops in the Soviet Union up to April 15, 1930-1935

Year	Area 1,000 acres	Year	Area 1,000 acres
1930.....	37,888	1933.....	25,607
1931.....	4,208	1934.....	42,301
1932.....	8,293	1935.....	55,049



# AGRICULTURAL CREDIT IN FRANCE a/

In a country like France, where agriculture is based on thousands of small and medium size holdings and where by tradition the farmer dislikes to speculate or borrow, it is surprising that agricultural credit has developed to its present important place in the French agricultural economy. Although the farmer can obtain credit from numerous private institutions as well as individuals, the two outstanding institutions that grant agricultural credit on a large scale in France at the present time are: (1) The Crédit Agricole Mutuel, and (2) the Crédit Foncier de France. The former is 40 years old and operates with the aid and under the control of the French Government, whereas the latter is an institution of a semi-private nature established some 80 years ago. It operates with its shareholders' and bondholders' funds, although under State supervision.

The Credit Agricole Mutuel, which is a cooperative credit organization, operates solely for the use of agriculturists. From 1894, when it first came into existence, to the end of 1933, it had granted thousands of loans of various types for the total amount of 11,432,000,000 francs, of which only 3,514,000,000 francs were outstanding on December 31, 1933. Besides serving directly the 565,000 members of its local credit associations, the Crédit Agricole Mutuel makes available its credit operations indirectly to some 550,000 members of agricultural cooperative associations and more than 1,500,000 members of agricultural unions.

The Crédit Foncier de France, which started with a view to lending money on real estate of both rural and urban nature, specializes at the present time in loans on real estate of an urban type, although it has not ceased to make loans to farmers. From its establishment in 1854 to the end of 1929, the loans made by this institution had been divided between urban and rural properties as follows:

<u>On urban properties</u>		<u>On rural properties</u>	
<u>No. of loans</u>	<u>Amount</u> <u>Francs</u>	<u>No. of loans</u>	<u>Amount</u> <u>Francs</u>
173,564	7,401,649,244	60,952	1,732,035,134

## The Crédit Agricole Mutuel

### History

Efforts to establish a safe system of agricultural credit in France go back to 1845, when the French Parliament, influenced by the writings of

a/ Prepared by M. E. Hazen, Foreign Agricultural Service. The present article deals especially with the two outstanding agricultural credit institutions receiving funds and aid from the French Government or coming under its control. It does not include private rural banks of the Raiffeisen type ("sociétés en nom collectif") of which there are over 3,000 in France engaged solely in credit operations for agriculturists.



## AGRICULTURAL CREDIT IN FRANCE, CONT'D

such men as Saint-Simon and Louis Blanc, decided to encourage the development of farm credit organizations. In 1848 a bill was introduced to authorize the granting of long-term loans to agriculturists. This bill, which authorized the repayment of such loans in annuities, was abandoned before a final vote was reached. In 1860 the government of the Second Empire formed a central agricultural bank called Le Crédit Agricole, the object of which was to grant loans to agriculturists. This central bank, with its headquarters in Paris, had no branches in agricultural districts and thus did not come into direct contact with farmers and could not appreciate their needs. Lacking business, the bank began to finance operations other than agricultural, became involved in speculative transactions, and went bankrupt in 1876.

From 1876 to 1894, while Raiffeisen and Schultze-Delitsche in Germany as well as Luzzatti in Italy were establishing their cooperative banks, French agricultural leaders were studying the best methods for the organization of agricultural credit in France. It was soon found that, in order to be successful in France, the agricultural bank should be more of a local institution built up by the farmers themselves. The right of farmers to combine for the protection of their interests was recognized by the law of March 21, 1884, which is known as the Charter Law of French agricultural cooperation. This law provided the basis for the subsequent establishment of cooperative agricultural credit. However, the development of credit associations did not take place until the lapse of another ten years. The law of November 5, 1894, rendered possible the formation of cooperative credit associations by agricultural cooperatives or their members and was the corner stone of the present system of the Crédit Agricole Mutuel.

As inaugurated by the law of November 5, 1894, the Crédit Agricole Mutuel was based on small local credit associations possessing very limited capital and had, therefore, a limited credit capacity. Although the law of July 20, 1895, had authorized the savings banks to set aside one fifth of their capital and all of their profits to finance the small local credit associations of the newly formed Crédit Agricole Mutuel, this did not prove to be sufficient, as only a few farmers could use the new system to any advantage.

The opportunity of obtaining a loan fund for the Crédit Agricole Mutuel came in 1896, when the question of the renewal of the note-issue privilege of the Bank of France was under consideration. This bank was founded in 1803, placed under the control of the State, and given a monopoly over issuing notes payable to bearer. Its monopoly for issuing notes was to expire in 1896. After a long debate in Parliament involving the consideration of several proposals, it was agreed that, in order to obtain a renewal of its note-issue privilege, the Bank of France was to lend to the government, without interest, the sum of 40,000,000 francs to be used as a loan fund for the Crédit Agricole Mutuel. The law of November 17, 1897, which ratified this agreement, provided two additional clauses.

## AGRICULTURAL CREDIT IN FRANCE, CONT'D

First, a royalty was to be paid to the government by the Bank of France on its circulation of bank notes. This royalty was not to be below 2,000,000 francs a year and was originally determined by multiplying the productive circulation of the bank by one eighth of its discount rate. This money, together with the previous 40,000,000 francs, was to be devoted to the building up of a reserve fund to be used for agricultural credit by the Crédit Agricole Mutuel. Second, the Bank of France was required to discount notes originated or endorsed by agricultural co-operatives and by all farmers known to be solvent. a/

After 1897, when some of the funds put at the disposal of agriculture by the Bank of France began to become available, only the local credit associations of the Crédit Agricole Mutuel were in existence. This system was weak and somewhat inadequate to handle such sums in an efficient manner. The law of March 31, 1899, was enacted to provide the machinery for distributing the loan and royalties obtained from the Bank of France to the farmers through the local credit associations. This law created what is known in France as the Regional Agricultural Credit Banks.

Thus, at the close of the 19th century the agricultural system known as the Crédit Agricole Mutuel, which was the direct result of the laws of 1894 and 1899, was an established fact in France. Up to 1920 the system was based on two main organizations, that of the Local Agricultural Credit Associations (Caisses Locales de Crédit Agricole) and the Regional Agricultural Credit Banks (Caisses Régionales de Crédit Agricole). At the top, however, was the Department of Agriculture disposing of a loan of 40,000,000 francs given without interest by the Bank of France, plus a yearly amount representing the royalties paid by that bank on its circulation of bank notes. A committee of government officials was in charge of distributing those funds to the regional banks. By the law of August 5, 1920, the National Bank of Agricultural Credit (Caisses Nationales de Crédit Agricole) was formed to take over the work of the commission of government officials who had charge of the distribution of funds made available by the Bank of France, and to act as a clearing house between the regional banks. This law of August 5, 1920, which codified all previous laws and decrees on co-operative agricultural credit in France, has since been modified and forms today the Charter of the system of French agricultural credit known as the Crédit Agricole Mutuel. Thus, it has achieved the work begun by the legislator of 1894 who foresaw a strong credit system taking its root in the local credit associations of the village.

The Present Set-up

Number of Banks. The Crédit Agricole Mutuel, as it stands at the present time, is made up of the following:

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a/ Notes made by farmers or agricultural associations are discounted by the Bank of France only if they bear three signatures.

## AGRICULTURAL CREDIT IN FRANCE, CONT'D

1. At the bottom are the Local Agricultural Credit Associations (Caisses Locales de Crédit Agricole), established in 1894. There are now more than 6,000 credit associations of this type affiliated with the regional banks receiving advances from the State and scattered all over France.
2. The Regional Banks of Agricultural Credit (Caisses Régionales de Crédit Agricole), established in 1899. Every county of France has at least one regional bank and there are at present over 100 such banks scattered all over France.
3. At the top, the National Bank of Agricultural Credit (Caisse Nationale de Crédit Agricole), established in 1920. This institution serves as a clearing house for the other two types of banks and has its headquarters in Paris.

Functions and Organization of the Various Banks. The Local Associations and the Regional Banks of Agricultural Credit are agricultural organizations formed by agriculturists or agricultural groups such as syndicates, mutual insurance associations, agricultural cooperative associations, Chambers of Agriculture, or any cooperative association with an agricultural interest. Small rural artisans can also be members of the banks providing they are members of an agricultural union and do not continuously employ more than two laborers.

The specific function of the local credit association is to facilitate and guarantee loan operations relating to agricultural production effected by its members, whether individuals or associations. Thus, the borrower first sends his application to the local credit associations of which he is a member. If it is accepted, he signs a note in favor of his local credit association, which in turn endorses it and sends it to the regional bank for discount. The capital of the local credit associations is made up of nominal shares paying dividends of not more than 6 percent. Members of these credit associations are, in general, liable only to the extent of the value of their shares, although in some associations the unlimited liability of members prevails and in others it is equal to several times the amount of shares subscribed. Local credit associations cannot be constituted until at least one fourth of the owned capital has been paid up. The area of operation of the local credit association is limited to one or more townships, and that association is usually affiliated with the regional bank of the county in which it is situated.

The main function of the regional bank is to discount notes given by members of the affiliated local credit associations. These notes, which bear the signature of the borrower and that of the local credit association recommending him, may be rediscounted by the regional bank (after it has endorsed them) at the National Bank of Agricultural Credit, Bank of France, or any private credit institution. Thus, the function of the regional bank is to supply the funds necessary for the credit operations of the local credit



## AGRICULTURAL CREDIT IN FRANCE. CONT'D

associations. a/ It should be noted, however, that the regional bank has the power, on its own responsibility, to refuse an application for a loan, even though already passed by the local credit association. b/ The regional bank cannot make direct loans, except in the following two exceptions: (1) In the case of a disabled war veteran and only under certain conditions; (2) in the case of long-term loans to agricultural cooperative associations (applications for such loans are in fact received and examined by the regional banks and submitted by them to the National Bank of Agricultural Credit, which grants or refuses the advances). The area of activity of the regional bank is much wider than that of the local credit association and generally covers a whole country.

The local credit associations as well as the regional banks are administered by a board whose members are elected by the general assembly of shareholders. This board has full powers to consider loans, fix the rate of interest as well as the rate of discount, and direct the use of deposits.

The main functions of the National Bank of Agricultural Credit are set by law, as follows:

1. The administration of the Agricultural Credit Fund (i.e., the loan made by the Bank of France and the annual royalties it pays for agriculture).
2. The administration of deposits received from the regional banks as well as those received from individuals.
3. The issuance of shares to be sold through the intermediary of the regional banks.
4. The administration of credits set apart by law for various measures such as the bringing under cultivation of waste land, control of floods, the granting of long-term and medium-term loans at low rate of interest, etc.
5. The inspection and control of the operations of the regional banks receiving funds from it as well as those of the agricultural cooperatives to which it grants loans.

The National Bank of Agricultural Credit is administered by a board of seven members elected and functioning under the control of a Plenary

a/ The decree of August 25, 1932, authorizes the regional bank to inspect or audit, at least once a year, the organization and operations of its local credit associations affiliated with it as well as those of associations receiving credit through its intermediary.

b/ In order to make sure of the solvency and sincerity of a borrower, it is customary that the regional bank send him a questionnaire asking for additional information regarding his financial and economic status.

## AGRICULTURAL CREDIT IN FRANCE, CONT'D

Commission of 30 members presided over by the Minister of Agriculture and composed as follows:

1. One fifth by members of Parliament elected by both Houses of Congress;
2. Two fifths by delegates elected by the regional banks;
3. Two fifths by representatives of the various departments of the government.

A General Director manages the affairs of the National Bank of Agricultural Credit.

Working Capital of the Various Banks. The working capital of the local credit associations and the regional banks is made up of:

1. Funds originating from the sale of shares to members and member banks;
2. Deposits made by individuals as well as member banks;
3. Reserves and profits;
4. Loans from the National Bank of Agricultural Credit;
5. Indirectly (i.e., through the National Bank of Agricultural Credit), from advances made by the State to the National Bank for medium- and long-term loans at low rates of interest.

On December 31, 1933, the funds available for making loans in both the local credit associations and the regional banks were as follows:

	<u>Local Credit</u> <u>Associations</u>	<u>Regional Banks</u>
Paid in capital on which a fixed interest not exceeding 6 percent must be paid....frances	135,000,000	199,560,000
Deposits on which interest varying from 1 1/2 percent to 4 1/2 percent is paid.....frances	566,681,000	1,241,300,000
Reserves..... "	53,000,000	205,996,000

(Advances by the National Bank of Agricultural Credit are made as needs arise.)

The local credit associations and the regional banks receive deposits not only from agriculturists, agricultural cooperatives, or other agricultural associations, but are empowered by law to accept deposits from all other persons or groups. Deposit funds are used by the banks in the granting of credit, especially short-term loans. Surplus of deposits received by a local credit association must be turned over to the regional bank with which



## AGRICULTURAL CREDIT IN FRANCE, CONT'D

it is affiliated and the surplus deposits of the regional banks must be deposited with the French Treasury, the Bank of France, or the National Bank of Agricultural Credit. These measures are taken to ensure the greatest security to depositors and to make such funds available for loans in other regions of the country.

The working capital of the National Bank of Agricultural Credit is made up of the following items:

1. The original loan of the Bank of France and the annual royalties it pays to agriculture.
2. Deposits of the local credit associations and regional banks as well as individuals.
3. Special advances made by the State.
4. Reserves.

On December 31, 1933, the funds available for loans in the National Bank of Agricultural Credit were as follows:

Loans made by the Bank of France, without interest.....francs	40,000,000 <u>a/</u>
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Payments made by the Bank of France in compensation for its right to issue bank notes. Since 1899, these semi-annual payments have gone to form the principal working capital of the Crédit Agricole Mutuel.....francs	1,358,533,809 <u>a/</u>
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## Deposits:

- |  |             |
|--|-------------|
| (1) Made directly by individuals;  |             |
| (2) Representing the surplus de-<br>posits of the local agricul-<br>tural credit associations and<br>the regional banks, as of<br>December 31, 1933.....francs | 402,360,135 |

Special credits made available by the State for medium- and long-term loans at low rates of interest. These advances were made by Parliament from July 15, 1928 to July 22, 1932, as follows:

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a/ These funds have been advanced to the Crédit Agricole Mutuel from the beginning of this century to date. As some of these funds have been given out in the form of loans, it should be understood that not all of them were available on December 31, 1933.

# AGRICULTURAL CREDIT IN FRANCE, CONT'D

## (1) For medium-term loans, by the laws of:

July 15, 1928...francs	500,000,000
Mar. 20, 1931... "	500,000,000
July 20, 1932... "	500,000,000

## (2) For long-term loans, by the laws of:

August 4, 1929..francs	250,000,000	
July 22, 1932.. "	250,000,000	2,000,000,000 a/

Reserves..... 29,476,042

The National Bank of Agricultural Credit takes the role of a bank of compensation or a clearing house between affiliated regional banks, and the funds it receives from one region can be made available to agriculture in another region of France. Deposits received by the National Bank of Agricultural Credit can be utilized in discounting notes of regional banks, while a surplus of these deposits can be employed in a limited proportion in the purchase of government bonds.

It should be noted that funds for short-term loans come mainly from deposits in and the sale of shares of the local credit associations and regional banks. In addition to these funds, the law of December 3, 1931, allocated a sum varying from 50,000,000 to 75,000,000 francs (to be taken from the special payments made by the Bank of France) to help finance these short-term loans. Medium-term loans are financed mainly from funds advanced by Parliament for this purpose. The bulk of the annual payments that the Bank of France makes to the French Government for its note-issue privilege is reserved for long-term loans in the following proportions:

- 70 percent for long-term loans to individuals (to facilitate the development of small landholdings);
- 30 percent for long-term loans to cooperatives.

Nature of Credit Operations and Types of Loans Made by the Crédit Agricole Mutuel. Two types of operations are undertaken by the various banks of the Crédit Agricole; (1) The granting of loans, and (2) the receiving of deposits with or without interest. The loans granted by the Crédit Agricole Mutuel have the following features:

a/ Of all these advances only 521,392,397 francs were left on December 31, 1933. It should be noted here that the bulk of these State funds has been used for making medium-term loans.

## AGRICULTURAL CREDIT IN FRANCE, CONT'D

1. They are production loans in that they enable the agriculturist to use them in the development of his enterprise;
2. They are professional loans, since they are open only to agriculturists;
3. They are personal loans, since they are based on the honor and solvency of the borrower (although medium and long-term loans require real securities such as farm mortgages or warehouse receipts);
4. They are mutual loans because the borrowers know and watch each other, and because they are made only to members of the associations.

The credit granted by the Crédit Agricole Mutuel can be either individual or collective. When it is individual, it puts at the disposal of isolated members the necessary capital for the operation of their farms, whereas in the collective form it fosters and helps in the development and functioning of agricultural cooperative associations. It should be noted that cooperation is at the basis of the whole system.

When first organized in 1894, the Crédit Agricole Mutuel made only one type of loan, i.e., the short-term loan both to individuals and agricultural associations. It continued to make only short-term loans until the end of the year 1906 when the law of December 29 of that year authorized the granting of what came to be known as the collective long-term loans to agricultural cooperatives. This was done when it was found that the agricultural associations needed to be assured of a wider measure of financial support, since their services were becoming increasingly indispensable to farmers. The object of the next law of March 19, 1910, which instituted long-term loans to individuals for the purchase of small rural holdings, was to encourage the taking up of holdings by farm workers.

At the outbreak of the World War, the Crédit Agricole Mutuel granted only two types of loans, short-term and long-term loans to individuals or cooperatives. In 1918, special long-term loans to war veterans at a low rate of interest were authorized. Medium-term loans were only introduced in 1920 when the law of August 5 of that year authorized the Crédit Agricole Mutuel to grant them. Thus, at present there are five principal categories of loans granted by the Crédit Agricole Mutuel, as follows:

1. Short-term loans, authorized in 1900;
2. Long-term loans to cooperatives, authorized in 1906;
3. Long-term loans to individuals, authorized in 1910;
4. Special long-term loans to war veterans, authorized in 1918;
5. Medium-term loans, authorized in 1920.

Among the special loans of minor importance made by the Crédit Agricole Mutuel, the following could be mentioned:

## AGRICULTURAL CREDIT IN FRANCE, CONT'D

- (a) Loans to counties and towns for the development of small holdings for needy agricultural workers;
- (b) Loans for the financing and marketing of the wheat crop during the overproduction years prevailing since 1932; a/
- (c) Loans to communes and communal unions for the execution of irrigation works, land drainage, flood control, etc.

To obtain a loan of any kind, the borrower must have subscribed for at least one share of the local credit association or the regional bank. Short-term loans are granted to agriculturists to provide the farm with working capital for the purchase of seed and fertilizers and to take care of current expenses. Their amount is not fixed by law, it being left to the judgment of the different banks. The duration of these loans varies, in general, from nine months to one year. Although the rate of interest also varies according to the bank making the loan, it must not be lower than the rate of interest paid on the shares of the loaning bank, nor must it exceed by more than 1 percent the rate on advances made on securities by the Bank of France. In exceptional cases, especially in those of agricultural cooperatives, the rate of interest can be reduced, although it cannot be lower than 3 percent.

In order to reserve the funds made available by the State for long- and medium-term loans, the regional banks have been asked to finance short-term loans from their own resources, i.e., from their paid-in capital, reserves, and deposits. The security requested on short-term loans is either the signature of the borrower only or a bond, deposit certificate, or a warehouse receipt accompanying his note. Moreover, since in most cases the same persons are members of both the local credit association and the agricultural union of the town, it becomes quite easy to estimate the requirements of or the securities offered by any one member as well as his economic position and general reputation. The local credit associations are therefore responsible by law for the examination of loan applications made by the farmers with full power of acceptance or refusal. In the case of short-term loans to cooperative associations, a note signed by either all of the members of the association or part of the members of the Board must be given as security for the loan.

The law of December 29, 1906, authorized the granting of long-term loans to associations such as -

1. Cooperative societies for production, transportation, preservation, or sale of agricultural products, coming exclusively from members' holdings;
2. Cooperative societies for joint purchase and supply;

a/ Funds for such loans were granted by Parliament as follows:

100,000,000	francs	by the Law of February 28, 1934;
200,000,000	" " " "	July 4, 1934;
500,000,000	" " " "	July 9, 1934 (for one year).



## AGRICULTURAL CREDIT IN FRANCE, CONT'D

3. Unions of employers and employed with exclusively agricultural objects;
4. Associations of collective agricultural interests such as those which supply electricity, farm machinery, etc.

Although the size of medium-term loans is not fixed by law, it does not usually exceed twice the paid-in capital of the association. The rate of interest on these loans is 3 percent at the present time. The loans are paid in annuities over a maximum period of 25 years, although this period can be extended to 50 years in the case of reforestation cooperatives. In general, long-term loans to agricultural cooperatives or other agricultural associations are not, as in the case of short- and medium-term loans, granted directly by the local or regional agricultural banks. They are granted directly by the National Bank of Agricultural Credit after an investigation of the financial and economic condition of the association. The agricultural association usually sends a special request for a loan through the medium and the responsibility of the regional bank of the county in which it is located. When a long-term loan is granted to an agricultural cooperative association by the Board of Directors of the National Bank of Agricultural Credit, the funds are put at the disposal of the regional bank, which turns them over to the borrowing association gradually and as needs arise. Securities for such loans usually consist in the mutual promise to pay by all members of the agricultural association and/or a separate promise of all or part of the members of the Board of Directors, and as real security a mortgage certificate in favor of the State.

Long-term loans to individuals are made through the intermediary of the local credit association and cannot exceed 60,000 francs. They are repayable in annuities over a maximum period of 25 years, and the borrower may not be over 65 years of age on the payment of the last annuity. Just as in the case of loans to cooperatives, the present rate of interest on these long-term loans to individuals is 3 percent. Securities required for these loans are either a mortgage certificate or an insurance contract endorsed to the loaning bank or both. The loaning bank may also require any additional security it judges necessary.

Long-term loans to war veterans are made under the same regulations as long-term loans to individuals, although a low rate of interest prevails. Thus, whereas the present rate of interest on long term loans to individuals is 3 percent, the interest on these loans is 1 percent in the case of military pensioners, and 2.75 percent in the case of orphans of war veterans. This preference is given in addition to the fact that military pensioners receive a reduction of interest of half of one percent for every child below sixteen years of age.

Medium-term loans are made for a period which may not exceed ten years and are repayable in annuities. They are usually granted to facilitate



## AGRICULTURAL CREDIT IN FRANCE, CONT'D

the development and reconstitution of holdings, and the purchase of livestock or farm machinery. The rate of interest on these loans is fixed in the same way as that on short-term loans, i.e., it varies with the loaning bank but must not be lower than the interest paid by the bank on its shares, nor must it exceed by more than 1 percent the rate on the advances made on securities by the Bank of France.<sup>a/</sup> Demand for this form of credit has so greatly developed as to have required special provisions of funds which were granted by the State to the Credit Agricole Mutuel on various occasions. When medium-term loans are granted, the borrowers usually sign special notes determining the conditions of the loan, the securities furnished and the conditions of repayment. While securities required for medium-term loans are similar to those for short-term loans, it is not unusual for the borrower to offer mortgage certificates. The loaning bank also takes into consideration the number of shares subscribed by the borrower before granting any medium-term loans.

Since 1928, the rate of interest on the various types of loans granted by the Credit Agricole Mutuel has been as follows:

On short- and medium-term loans: 3 1/2 percent to 5 percent, according to conditions affecting the local credit association or regional bank (although it is lower in the case of cooperatives). On all types of long-term loans: 3 percent (although it is lower in the case of war veterans).

It should be noted that the low rate of interest on all types of long-term loans and on some medium-term loans granted by the Credit Agricole Mutuel can be realized only as a result of the advances made to this institution by Parliament for this purpose. These advances are made by the French Government to the Credit Agricole Mutuel without interest or, in exceptional cases, at a very low rate of interest.

The "Warrantage Agricole". Among the securities given by short- and medium-term borrowers of the Credit Agricole Mutuel, the system known in France as the Warrantage Agricole has been used somewhat extensively during

<sup>a/</sup> As an exceptional measure, the Law of March 30, 1931, authorizes the Credit Agricole Mutuel to grant medium-term loans at the low rate of interest of 3 percent only to the following two types of borrowers: (1) Agriculturists who have farmed (as apprentices or laborers) for at least 5 years before or after their marriage and who are in need of funds to start an agricultural enterprise of their own either as small owners or share-tenants. (2) Agriculturists who have suffered losses from drought or other non-insurable cases and who were not sufficiently helped by State relief.

## AGRICULTURAL CREDIT IN FRANCE, CONT'D

the last few years. This system was established by the law of April 30, 1906. Before discussing the importance of the agricultural "warrant" in the credit activities of the Credit Agricole Mutuel, something will be said about the system and its operation.

In France, "warrant" has two different meanings according to whether it applies to agriculture or industry. When it refers to trading in industrial products, the warrant is "a commercial note guaranteed by a lien on goods stored in an authorized warehouse." To the French farmer, however, the warrant is "to give to a creditor, as security on a loan, the agricultural products of his enterprise. Such products can remain either in the borrower's possession or stored with a third party." In other words, the system of "warrantage," as it applies to French agriculture, is somewhat similar to a chattel mortgage.

The peculiar feature of the agricultural warrant which enables the farmer to keep his products in his possession or even make use of them (as in the case of livestock) gives the borrower the threefold role of debtor, proprietor, and storekeeper. Among other features connected with the use of the warrant in French Agriculture, the following may be mentioned:

1. The borrower is authorized by law to sell the warranted products, although he cannot deliver them before the creditor has been repaid in full.
2. The agricultural warrant must be registered in court. This registration serves also as a sort of publicity regarding the warranted products, warning any would-be buyer to beware.
3. Although the law does not specify it clearly, it has been taken for granted that the warrant is security for a cash loan only. However, there are cases known in which it has been used to guarantee a sale, the deferring of a payment, etc.
4. When authorized by the stipulation of the warrant, the borrower can even transform the warranted products in his possession, such as wine into brandy, wheat into flour, etc.
5. The agricultural warrant is a note transferable by endorsement.
6. The law stipulates that the loan granted on a warrant must be repaid in full. Nothing is mentioned about the mode of payment, i.e., whether in installments or in one single payment. In practice, however, both installments and the lump sum payments are used.
7. In case a borrower sells the warranted products in his possession without the consent of or before repaying the lender in full, the latter has no claim against any person buying such products in good faith. Good or bad faith is judged according to the circumstances involved in the sale. Thus, a buyer of warranted goods may be considered as acting in bad faith when he knows of the existence of the warrant, or when he pays a price for the product very much lower than the prevailing market price.

## AGRICULTURAL CREDIT IN FRANCE, CONT'D

The law of April 30, 1906, which authorized the use of the agricultural warrant, did not contain a specific list of products it considered "warrantable." Instead, it stipulated that "any farmer could borrow on all industrial or agricultural products of his farm."<sup>a/</sup> But the law added, however, that these products "should be of a movable nature although not considered as an accessory part of the estate." In other words, to be used as a security in an agricultural warrant, a product must not be an indispensable part of the enterprise, i.e., without the help of which the enterprise cannot continue. Thus, all harvested crops <sup>b/</sup> as well as animals bought for fattening purposes, saddle horses, poultry, or rabbits (raised as a side line) are acceptable as security in an agricultural warrant. On the other hand, draft animals and dairy cows cannot be given as security in an agricultural warrant since the former are indispensable for the operation of a farm without machinery, and a dairy cannot function without the latter.

For the 29 years that it has been in use in France, the system of Warrantage Agricole has brought good or bad results according to the type of goods used as security for the warrant. The two main risks run by the lender on the agricultural warrant arise, first, from the equivocal interpretation of what products should or should not be given as security in a warrant, and, second, from the decline in price or depreciation in value of the warranted products. Warrants on cereals are usually made for short-term loans, and cereals given as security are, in order of importance, wheat, oats, and barley. The Crédit Agricole Mutuel advances between 50 and 70 percent (and in special cases 75 percent) of the value of the product in the case of warrants made on cereals. <sup>c/</sup>

The agricultural warrant which is both easiest to use and which has the greatest degree of security is the one which uses wines as security for loans. The table on page 533 shows that, with the exception of the years 1932 and 1933, agricultural warrants guaranteed by wine have always constituted the largest portion of all short-term loans made on agricultural warrants. Besides the stability of wine prices within France's boundaries, the other reason which makes warrants on wines so popular is the fact that since all wines in the possession of farmers come under the control of the Alcohol Tax Section of the Bureau of Internal Revenue, it

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<sup>a/</sup> The word industrial refers to products which are the result of manipulation and transformation on the farm, such as wines, cider, dried fruits, nuts, cheese, etc.

<sup>b/</sup> Crops on the ground cannot be given as security.

<sup>c/</sup> This high percentage is caused by the fact that in normal times the price of cereals, especially wheat, is stable. Since 1932, however, the risk arising from price fluctuation, and especially price decline, has been compensated by the large credits put at the disposal of the Crédit Agricole Mutuel by the French Government for the financing of wheat.



## AGRICULTURAL CREDIT IN FRANCE, CONT'D

is difficult for a borrower to dispose of the warranted wines in his possession without the lender knowing it. As a rule, loans on wines are granted up to between 50 and 60 percent of the value of the product.

Loans made on livestock through the use of agricultural warrants are mainly of the medium-term type. The difficulty arising in the granting of loans on livestock comes from the fact that it is not always an easy matter to judge the type of animal which is or is not legally an indispensable accessory of a farm, that is, an animal on which loans could or could not be granted.

Although the system of Warrantage Agricole has been established since 1906, it is only in recent years that the French farmer has begun to make use of it to any great extent. The two main reasons responsible for such an increase in the use of the Agricultural warrant in France in the last few years are first, the impetus given to the credit operations of the Crédit Agricole Mutuel, following the establishment of the National Bank of Agricultural Credit, and, second, the agricultural depression which has overtaken the French countryside since 1931.<sup>a/</sup> The former increased the capacity of the Crédit Agricole Mutuel for making loans, whereas the low prices of agricultural products resulting from the latter have forced farmers to look for this source of credit. This is especially true in the case of the French wheat producers, who, due to the bumper crops prevailing since 1932, are unable to dispose of their crops even at the prevailing low prices.

The importance of the system of Warrantage Agricole in present day agricultural credit operations in France can easily be seen when it is recalled that during all of the 19-year period, 1906-1924, only 313,000,000 francs were lent out on 85,000 warrants, whereas farmers borrowed 1,466,000,000 francs on 115,600 warrants during the 9-year period, 1925-1933. With the growing importance of this system in France, its place in the credit operations of the Crédit Agricole Mutuel has also become preponderant. The table on page 532 shows that, on the average, the Crédit Agricole Mutuel is responsible for more than 50 percent of all loans made on agricultural warrants in France, although the size of these loans is smaller than that of the same type granted by other institutions. Moreover, for the 5-year period, 1929-1933, short-term loans made by the Crédit Agricole Mutuel on agricultural warrants alone averaged 11.2 percent of all short-term loans made by that institution. During the same

<sup>a/</sup> It should be noted that this increase in the use of the agricultural warrant has taken place mainly in the north, east, and west of France. Central and Southern France have not as yet become accustomed to using the "warrantage agricole" on a wide scale.

## AGRICULTURAL CREDIT IN FRANCE, CONT'D

5-year period, medium-term loans granted by the Crédit Agricole Mutuel on agricultural warrants averaged 6.1 percent of all medium-term loans it had granted. a/ During the year 1933 alone, short-term loans on agricultural warrants granted by the Crédit Agricole Mutuel amounted to 21.8 percent of all its short-term loans.

It is not unsafe to say that now that the French farmer has become accustomed to the use of the system of Warrantage Agricole, and with the development of the credit activities of Crédit Agricole Mutuel, loans made on agricultural warrants will continue to represent in the future a good portion of the short-term loans made by this institution.

Crédit Foncier de FranceHistory

At the beginning of the 19th century, land credit facilities in France were lacking, especially due to defective laws concerning land title registration and the possession of land. Lending institutions were not always sure of recovering claims in case of foreclosures, with the result that money was scarce and usury rife. Many farmers and land-owners were on the verge of bankruptcy when, in 1826, Casimir Périer b/ offered a prize for the best answer to the three following questions:

1. What are the defects and deficiencies in the French laws relating to mortgage loans?
2. What are the obstacles which deter capital from securing such investments?
3. What would be the best plan to adopt for the purpose of framing a complete project for settling these problems in a way which would be most in harmony with the needs of the public treasury and building contractors and the security required by lenders?

Périer's initial questionnaire started a movement which was to last for over a quarter of a century, resulting in some of the best literature ever written on land credit. The decree-law of February 28, 1852, on land credit was to be the outcome of the more than 200 plans and systems proposed to and considered by Parliament. Although various amendments have been made during the last 70 years in this original law on land credit, its basic principles remain unchanged. The 5 principal parts of this law deal with the following:

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a/ As can be seen from the table on page 533, the bulk of the loans made on agricultural warrants is of the short-term type.

b/ A wealthy banker and member of Parliament from Paris who became Secretary of the Interior in 1831.



## AGRICULTURAL CREDIT IN FRANCE, CONT'D

1. The functions of land credit institutions and the way they may be organized;
2. The rules for making loans;
3. The rules for issuing debentures;
4. Measures to be taken for the adjudication of titles and the protection of loans against claims of third parties as well as the methods of recovery against borrowers.
5. The special privileges and the restrictions under which the business must be conducted.

Whereas this law declared that both the association of borrowers (such as the German landschaft) and the joint stock company types might be formed, no associations of the landschaft type were ever created in France. As a result of this law, several land companies came into existence. However, the government was soon to give up the system of plurality of land banks. It was feared that, since conditions of mortgage loans varied with the region in which they were granted, regional land banks might face some difficulty in placing their debentures outside of their district. It was also argued that a central land bank would be able to present stronger guarantees and would enjoy wider credit. Thus, on December 10, 1852, a decree extended the powers of the Land Bank of Paris (the first one of these banks organized on March 28, 1852) to all counties in which no such banks existed and conferred upon it the title of La Société du Crédit Foncier de France.

Just as the Bank of France was authorized, a few years before, to absorb all regional banks of issue, the decree of December 10, 1852, authorized the newly-formed Crédit Foncier de France to absorb all regional land banks then in existence. Moreover, the government turned over to it an appropriation of 10,000,000 francs and granted it the monopoly for making mortgage loans all over France for 25 years.<sup>a/</sup> Another decree of 1853 allowed the Crédit Foncier to award prizes by lot upon the recall for payment of its land debentures. The following year the decrees of June 26 and July 6, 1854, provided that its governor, as well as its two deputy governors, should be appointed by the head of the government and that three members of its Board of Directors should be selected from the French Department of the Treasury. Although a few amendments have been made in the by-laws of the Crédit Foncier de France since 1854, they have not materially altered its original functions.

The Present Set-up

Functions of the Crédit Foncier de France. At present the functions of the Crédit Foncier de France are as follows:

<sup>a/</sup> Although this monopoly privilege expired in 1877 and the granting of mortgage loans in France is open to everyone at the present time, the Crédit Foncier de France has remained the only authorized institution of land credit.

## AGRICULTURAL CREDIT IN FRANCE, CONT'D

1. To lend on mortgage to owners of real estate sums repayable at short-term or at long-term by annuities for a period of between 10 years at least and 75 years at most. Actually, the maximum period for loans is limited to 30 years.
2. To make loans to towns, counties, or public institutions in France.
3. To make mortgage loans to the French Merchant Marine on either a long- or short-term basis.
4. To issue and negotiate land, county, and maritime debentures up to the amount of the loans granted; to make mortgage loans with current accounts.
5. To receive deposits of funds and bonds.

It should be noted that, during the first few years following the formation of the Crédit Foncier de France, the latter's credit operations were almost equally divided between farm mortgages and mortgages on real estate of an urban nature. Since the close of the 19th Century, however, the Crédit Foncier de France has been lending more on urban than on rural properties. The situation in the last few years can be seen from the following table:

Nature of mortgage loans granted by the Crédit Foncier de France,  
1853 to 1929

Year	On urban properties		On rural properties	
	Number	Amount	Number	Amount
		Francs		Francs
From 1853 to 1924...	160,390	6,375,191,874.78	57,839	1,544,653,962.30
1925 .....	4,547	169,874,921.92	869	22,185,127.65
1926 .....	2,918	97,862,906.31	334	11,504,984.80
1927 .....	3,376	175,939,810.68	528	38,833,900.00
1928 .....	3,698	224,710,284.58	636	46,291,006.50
1929 .....	4,635	358,069,446.52	746	68,566,153.60
Total to end of 1929	179,564	7,401,649,244.79	60,952	1,732,035,134.85

Compiled from official records of the Crédit Foncier de France.

While all the activities of the Crédit Foncier de France are directed from its headquarters in Paris, it has agents and representatives in almost every county of France. These representatives come into direct contact with borrowers and loans made outside of Paris are usually based on their reports and recommendations.

Originally limited by law to France only, the area of activity of the Crédit Foncier de France has been extended to include the French North African possessions by the following decrees:

## AGRICULTURAL CREDIT IN FRANCE, CONT'D

1. The decree of January 11, 1860, authorized the Crédit Foncier de France to make mortgage loans in Algeria;
2. The decree of August 24, 1909, authorized that institution to grant both mortgage and communal loans in Tunisia;
3. The decree of July 17, 1920, extended all forms of credit operations of the Crédit Foncier de France to Morocco.

Organization of the Crédit Foncier de France. According to the decree of July 6, 1854, the management of the Crédit Foncier de France is exercised by a governor and two deputy governors. All three are appointed by the French Government and act as its representatives. The governor must hold 200 shares of the capital stock, whereas each of the deputy governors must be the proprietor of 100 shares. These shares are deposited with the company and are inalienable during the term of office of these officers.

The Board of Directors is composed of the governor with the two deputy governors, the directors, and the auditors. The number of members of the Board of Directors cannot be fewer than 20 nor greater than 23. They are appointed by the general assembly of shareholders, although three of these directors must be high officials of the French Treasury Department. One fifth of the Board is renewed each year. The governor and the two deputy governors receive annual salaries of 40,000 francs and 25,000 francs respectively, but the services of the rest of the members of the Board of Directors are given gratuitously.

The Crédit Foncier de France has three auditors appointed by the general assembly. Their term of office is for three years with a one third renewal each year. They receive a reasonable compensation and watch over the records and accounts, the issuing of debentures, and the proper execution of the laws.

Although the general assembly officially represents all the shareholders of the Crédit Foncier de France, it is usually composed of the 200 stockholders possessing the largest number of shares, the list of which is fixed by the Board of Directors twenty days before the annual meeting of the assembly. The majority prevails, although 40 shareholders constitute a quorum if they own one tenth of all the shares which have been issued.

Capital Stock and Debentures of the Crédit Foncier de France. The Crédit Foncier relies on two sources of funds for its credit operations. The first is the capital stock, reserve, and deposits, most of which are employed in carrying on the purely banking business or are placed in short-term loans or in investments specified by law. The second is the money realized from the sale of debentures, practically all of which is used for long-term loans.

In 1252, when the Crédit Foncier de France was formed, its capital stock was fixed at 25,000,000 francs made up of 50,000 non-assessable shares



## AGRICULTURAL CREDIT IN FRANCE, CONT'D

of 500 francs each. However, this capital has been increased on various occasions and in July 1932, it amounted to 375,000,000 francs made up of 750,000 shares of 500 francs, all of which were paid up. The Crédit Foncier de France is authorized by law to bring its capital to 500,000,000 francs by the creation of 1,000,000 shares of 500 francs each.

The capital stock of the Crédit Foncier de France is designed mainly as a guaranty for the debentures and is kept largely in quick assets. For this reason, the law provides that this capital should be invested as follows:

1. Not less than one fourth in French Government bonds;
2. One fourth to be represented by the company's office buildings, loans to colonies or countries under French protectorate, or securities of the kind used for collateral by the Bank of France;
3. One half in mortgage or communal loans, land or communal debentures, commercial notes, etc.

The liability of the shareholders is limited to the amount of their shares only. The shares of the Crédit Foncier de France cannot be divided and the company recognizes only one owner for each share.

A yearly return of 5 percent is allowed to shareholders out of the company's earnings. After this dividend is paid, the Board of Directors must set aside a sum of between 5 percent and 20 percent of the balance of the earnings for the obligatory reserve. When the latter equals one half the capital stock, no further payments may be made into it. This reserve is used to steady the dividends and assure a yearly profit of 5 percent to shareholders. This reserve is usually held in quick assets.

The debentures of the Crédit Foncier de France are issued and used only in order to raise funds to carry the company's credit operations. These debentures are issued in large blocks or series and, while operation funds are thus raised in advance, the face value of debentures in circulation must never exceed the amount of the outstanding loans of all types. In other words, there must be a countervalue of mortgages or loan contracts for each debenture sold. Since money realized from the sale of debentures must be used only for making loans, the law provides that, pending its employment for this purpose, it must be invested in government bonds or other safe securities.

There are three classes of debentures issued by the Crédit Foncier de France, as follows:

1. Land debentures, for long-term mortgage loans;
2. Communal debentures, for loans to counties, municipalities, communes, public corporations, etc.
3. Maritime debentures, for loans to the French Merchant Marine.



## AGRICULTURAL CREDIT IN FRANCE, CONT'D

The total of all classes of debentures in circulation must not exceed fifty times the capital stock of the Crédit Foncier de France. This capital stock being 375,000,000 francs, the company has a lending capacity of 18,750,000,000 francs, since it is authorized by law to issue and sell debentures up to that amount whenever the demand arises.

Land debentures may be issued in denominations as small as 100 francs. They have no fixed date for maturity and are retired by drawing lots every six months. At each drawing enough debentures must be called in so that those left in circulation shall not exceed, in face value, the total amount of loans outstanding. The rate of interest paid on these debentures is fixed by the Board of Directors of the Crédit Foncier de France in accordance with the cost of borrowing money at the time the debentures are issued.

Types of Loans Granted. According to the present by-laws of the Crédit Foncier de France, this company grants mortgage loans of two types;

1. Long-term mortgage loans repayable by annuities within a minimum period of 10 years and a maximum of 75 years, both in France and in Algeria. (Actually, however, the maximum period of such loans is limited to 30 years.)
2. Short-term mortgage loans repayable without annuity within a period of from one to 9 years. However, the borrower cannot repay this loan before the period signed for.

The Crédit Foncier de France makes loans on first mortgage only, although it does not make any loans to theaters, mines, and quarries. The amount of the loan made on real estate cannot exceed one half the value of the mortgaged property, although it is only a little over one third for properties liable to easy depreciation such as forests, vineyards, orchards, nurseries, and the like. Mills and factories are estimated only upon their value independent of their industrial purposes. The Crédit Foncier de France does not accept for security properties that do not have a steady and certain income. No limit is fixed as to the size of the loan to be made to an individual or on a piece of land or property, and the Board of Directors has the final decision in the granting of all loans made by the Crédit Foncier de France.

Loans are repayable in annuities which include the interest as well as the amortization. The rate of interest on loans must not exceed by more than 0.5 percent the rate of the debentures by which they were raised. In other words, the rate of interest on loans is necessarily the function of the rate at which the bank can borrow on the money market through the sale of its debentures.

The rate of interest on loans made by the Crédit Foncier de France since 1928 have been as follows: From November 1928, 8.3 percent; from

## AGRICULTURAL CREDIT IN FRANCE, CONT'D

November 1929, 7.15 percent; from November 1930, 6.25 percent; from February 1932; 6.5 percent; since April 1933, 8.05 percent. These rates represent the cost of money to the bank plus 0.6 percent for operating expenses, dividends, etc.

The farm mortgage loans of the Crédit Foncier de France have been made chiefly to operators of medium- and large-size farms, including the estates of the French landed gentry. The reason for this condition lies in the fact that long-term loans of the Crédit Agricole Mutuel are limited by law to a maximum of only 60,000 francs to individuals and, in exceptional cases, to 100,000 francs to cooperatives. Since the establishment and development of the Crédit Agricole Mutuel, however, the importance of the Crédit Foncier de France as a source of long-term agricultural credit for French farms has been overshadowed by the former.

FRANCE: Credit operations of the Crédit Agricole Mutuel, origin to 1933

Year ended December 31	Short-term loans, authorized in 1900			Long-term loans to cooperatives, authorized in 1906			Long-term loans to individuals, authorized in 1910		
	Loans granted during year	Repayments during year	Out-standing debt Dec. 31	Loans granted during year	Repayments during year	Out-standing debt Dec. 31	Loans granted during year	Repayments during year	Out-standing debt Dec. 31
Total origin to	Million francs	Million francs	Million francs	Million francs	Million francs	Million francs	Million francs	Million francs	Million francs
1920....	873	791	82	42	13	29	24	9	15
1921....	109	99	92	29	7	51	16	3	28
1922....	133	99	126	22	5	68	37	4	61
1923....	172	143	155	23	7	89	44	7	98
1924....	223	185	193	25	6	108	48	11	135
1925....	228	242	239	41	8	141	45	16	164
1926....	362	301	300	28	9	160	45	20	189
1927....	453	379	414	23	15	173	61	22	228
1928....	580	459	535	30	15	188	49	26	251
1929....	736	575	696	60	18	230	128	34	345
1930....	769	674	791	48	19	259	169	41	472
1931....	905	727	969	50	22	287	182	49	605
1932....	920	844	1,045	58	25	320	171	64	712
1933....	956	877	1,124	52	23	349	121	69	764
Total..	7,479	6,355	1,124	541	192	349	1,139	375	764

Continued -

## AGRICULTURAL CREDIT IN FRANCE, CONT'D

FRANCE: Credit operations of the Crédit Agricole Mutuel, origin to 1933, cont'd

Year ended December 31	Long-term loans to military pensioners, authorized in 1918			Medium-term loans, authorized in 1920		
	Loans granted during year	Repay-ments during year	Out-standing debt Dec. 31	Loans granted during year	Repay-ments during year	Out-standing debt Dec. 31
	Million francs	Million francs	Million francs	Million francs	Million francs	Million francs
Total, origin to 1920.....	5		5	3		3
1921 .....	7		12	5	1	7
1922 .....	16	2	26	12	4	15
1923 .....	31	2	45	20	4	31
1924 .....	24	4	65	30	8	53
1925 .....	22	7	80	49	12	90
1926 .....	20	9	91	63	21	132
1927 .....	22	10	103	88	27	193
1928 .....	25	11	117	138	50	281
1929 .....	55	13	159	262	100	443
1930 .....	70	17	212	259	98	604
1931 .....	72	22	262	364	184	784
1932 .....	67	26	303	335	160	959
1933 .....	46	30	319	173	174	958
Total .....	472	153	319	1,801	843	958

Compiled from Journal Officiel de la République Française, November 15, 1934.

FRANCE: Summary of credit operations of the Crédit Agricole Mutuel, origin to 1933

To December 31, 1933	Loans granted	Repay-ments	Out-standing debts
	Million francs	Million francs	Million francs
Short-term loans from 1900 .....	7,479	6,355	1,124
Long-term loans to cooperatives from 1906 .....	541	192	349
Long-term loans to individuals from 1910 .....	1,139	375	764
Long-term loans to military pensioners from 1918...	472	153	319
Medium-term loans from 1920 .....	1,801	343	958
Total .....	11,432	7,918	3,514

Compiled from Journal Officiel de la République Française, November 15, 1934.

The formation in 1920 of the National Bank of Agricultural Credit has acted as an impetus for a greater development of the credit activities of the



## AGRICULTURAL CREDIT IN FRANCE, CONT'D

Crédit Agricole Mutuel. The figures in the preceding table show easily this development. Moreover, an examination of the records of the loans made by the Crédit Agricole Mutuel reveals that before 1921 the Committee of the French Ministry of Agriculture (which administered the funds made available by the Bank of France for agriculture) had advanced a total of 156 million francs in 22 years (from 1899 to 1920), whereas the National Bank of Agricultural Credit had made loans for more than 3,544,000,000 francs during the 13-year period 1921 to 1933.

FRANCE: Loans made on agricultural warrants by all French credit institutions as compared to those made by the Crédit Agricole Mutuel, 1925-1933 a/

Year	Number of warrants			Value of warranted products			Value of loans made		
	Total	Crédit Agricole Mutuel	Percent Crédit Agricole is of total	Total	Crédit Agricole Mutuel	Percent Crédit Agricole is of total	Total	Crédit Agricole Mutuel	Percent Crédit Agricole is of total
	Number	Number	Percent	Million francs	Million francs	Percent	Million francs	Million francs	Percent
1925..	7,200	4,477	62.2	141	60	42.6	54	23	42.6
1926..	6,900	4,474	64.8	164	67	40.9	61	26	42.6
1927..	9,000	5,503	61.1	244	86	35.2	88	33	37.5
1928..	9,400	5,665	60.3	247	112	45.3	94	37	39.4
1929..	12,100	7,014	58.0	368	154	41.8	130	57	43.8
1930..	13,100	8,260	63.1	416	189	45.4	151	65	43.0
1931..	16,100	9,387	58.3	571	246	43.1	243	96	39.5
1932..	21,400	10,124	47.3	639	294	46.0	273	133	48.7
1933..	20,400	9,771	47.9	721	438	60.7	372	220	59.1
Total	115,600	64,675	55.9	3,511	1,646	46.9	1,466	690	38.8

Compiled from official records of the Caisse Nationale de Crédit Agricole.

a/ The granting of loans on agricultural products through the use of warrants was authorized by the law of April 30, 1906. However, it was not until the last 10 years that an extensive use has been made of this system. Thus during all of the 19-year period 1906-1924, only 313,000,000 francs were lent out on 85,800 warrants, whereas farmers borrowed 1,466,000,000 francs on 115,600 warrants during the 9-year period 1925-1933. The table shows that, on the average, the Crédit Agricole Mutuel enters for more than 50 percent of all loans made on agricultural warrants in France. However, the size of these loans is smaller than that of the same type loan granted by other institutions. Thus, whereas the Crédit Agricole Mutuel granted 55.9 percent of all loans on agricultural warrants made in France from 1925 to 1933, they averaged only 38.8 percent of the total value of loans of this type made during the same period.



## AGRICULTURAL CREDIT IN FRANCE, CONT'D

FRANCE: Types of loans made by the Crédit Agricole Mutuel on agricultural warrants and products on which these loans were made, 1925-to 1933

Year	Number of warrants	Total value of warranted products	Value of loans	Value of loans in percent of value of products	Value of products on which loans were made			
					Cereals	Live-stock	Wine	Feed-stuffs and others
	Number	1,000 francs	1,000 francs	Per-cent	1,000 francs	1,000 francs	1,000 francs	1,000 francs
<u>Short-term loans:</u>								
1925.....	4,026	51,741	19,451	37.6	306	3,328	13,762	1,034
1926.....	3,806	53,041	19,965	37.6	549	3,381	14,072	696
1927.....	4,618	66,528	25,421	38.2	1,131	5,217	16,027	1,124
1928.....	4,669	89,160	27,816	31.2	1,047	6,352	16,612	1,497
1929.....	5,729	115,899	41,577	35.9	3,669	9,005	25,344	1,110
1930.....	6,959	146,308	47,298	32.3	3,120	9,513	29,065	2,345
1931.....	7,846	190,850	74,389	39.3	9,804	11,964	46,791	3,310
1932.....	8,139	226,854	109,496	48.3	59,680	14,709	30,352	2,224
1933.....	2,072	414,280	209,720	50.6	155,199	18,152	32,654	1,479
Total...	54,862	1,354,661	575,733	42.5	235,199	81,621	224,679	14,819
<u>Medium-term loans:</u>								
1925.....	451	7,868	3,331	42.3	7	2,899	-	425
1926.....	668	13,640	5,776	42.3	7	5,346	169	354
1927.....	835	19,797	8,095	40.9	3	7,511	102	480
1928.....	996	22,777	9,448	41.5	-	8,718	85	637
1929.....	1,285	38,233	15,187	39.7	1,287	11,096	199	1,781
1930.....	1,301	42,501	17,615	41.4	953	12,544	1,312	844
1931.....	1,541	55,033	21,186	38.5	2,124	14,944	-	2,683
1932.....	1,985	67,067	23,386	34.9	3,299	17,897	667	1,357
1933.....	701	24,167	10,155	42.0	1,061	8,615	-	479
Total...	9,813	291,083	114,179	39.2	8,741	89,570	2,534	9,040

Compiled from official records of the Caisse Nationale de Crédit Agricole.

It can readily be seen from this table that the bulk of the loans made on agricultural warrants by the Crédit Agricole Mutuel is of the short-term type. With the exception of the years 1932 and 1933 (in which banks were asked to lend freely on the surplus wheat of those years), short-term loans on agricultural warrants are made mainly on stored wines, whereas medium-term loans are usually granted on livestock.

## WHEAT: Closing prices of July futures

Date	Chicago		Kansas City		Minneapolis		Winnipeg		Liverpool		Buenos Aires	
	1934	1935	1934	1935	1934	1935	1934	1935	1934	1935	1934	1935
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
High <u>c/</u> ....	87	101	79	101	84	111	69	90	70	84	<u>n/</u> 54	<u>d/</u> 65
Low <u>c/</u> .....	75	91	67	87	72	99	66	84	66	79	<u>n/</u> 53	<u>d/</u> 62
April 13....	85	100	77	98	82	107	67	90	69	84	<u>d/</u> 54	<u>d/</u> 65
20....	77	101	69	100	75	108	67	90	68	83	<u>d/</u> 54	<u>d/</u> 64
27....	78	99	71	98	77	110	67	89	67	82	<u>d/</u> 54	<u>d/</u> 63
May 4 .....	80	96	72	95	80	108	67	89	67	81	<u>d/</u> 53	<u>d/</u> 63

a/ Conversions at noon buying rate of exchange. b/ Prices are of day previous to other prices. c/ April 1 to date. d/ June futures.

## WHEAT: Weighted average cash price at stated markets

Week ended	All classes and grades		No. 2 Hard Winter		No. 1 Dk.N.Spring		No.2 Hard Amber Durum		No. 2 Red Winter		Western White	
	1934	1935	1934	1935	1934	1935	1934	1935	1934	1935	1934	1935
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
High <u>c/</u> ....	87	115	82	107	88	121	102	138	87	100	75	88
Low <u>c/</u> .....	79	107	70	98	80	115	87	130	73	93	69	84
April 13....	85	113	80	101	88	116	99	138	85	96	75	86
20....	79	115	73	107	81	119	87	136	78	100	69	88
27....	79	113	70	105	81	121	96	130	73	98	70	86
May 4 .....	83	112	74	103	84	120	101	130	76	98	72	

a/ Amber Durum 1934. b/ Weekly average of daily cash quotations, basis No. 1 sacked 30 days delivery c/ April 1 to date.

## CHILE: Acreage and production of wheat, average 1925-26 to 1929-30, annual 1930-31 to 1934-35

Year	Acreage	Production
	<u>1,000 acres</u>	<u>1,000 bushels</u>
Average 1925-26 to 1929-30....	1,642	28,758
Annual:		
1930-31.....	1,610	21,190
1931-32.....	1,517	12,187
1932-33.....	1,500	28,743
1933-34.....	2,100	<u>a/</u> 35,233
1934-35.....	2,120	<u>a/</u> 31,110

Official sources. a/ Reported by Vice Consul Camden L. McLain.

**FEED GRAINS AND RYE: Weekly average price per bushel of corn, rye, oats, and barley at leading markets a/**

Week ended	Corn						Rye		Oats		Barley b/	
	Chicago				Buenos Aires		Minneapolis		Chicago		Minneapolis	
	No. 3 Yellow		Futures		Futures		No. 2		No. 3 White		No. 2 malt-ing	
	1934	1935	1934	1935	1934	1935	1934	1935	1934	1935	1935	1935
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
High c/....	50	96	53	90	42	43	66	80	37	53	113	119
Low c/....	46	80	44	78	39	38	53	56	29	47	94	103
			May	May	May	May						
April 6....	47	86	48	83	41	39	61	58	33	49	105	111
13....	49	89	48	88	41	39	60	62	33	50	95	109
20....	46	91	44	90	40	39	53	63	29	51	95	105
27....	47	89	45	89	39	38	55	66	30	50	99	104
May 4....	47	89	46	89	39	38	57	61	31	48	95	103

a/ Cash prices are weighted averages of reported sales; future prices are simple averages of daily quotations. b/ Comparable figures for 1934 are not available. c/ For period January 1 to latest date shown.

**FEED GRAINS: Movement from principal exporting countries**

Item	Exports for year		Shipments 1935, week ended a/			Exports as far as reported		
	1932-33	1933-34 b/	Apr. 20	Apr. 27	May 4	July 1 to	1935-34 b/	1934-35 b/
	bushels	bushels	bushels	bushels	bushels		bushels	bushels
<b>BARLEY, EXPORTS: c/</b>								
United States.....	9,155	5,935	30	0	5	May 4	5,682	3,895
Canada.....	6,750	1,547				Mar. 31	1,336	11,790
Argentina.....	16,861	23,781	d/ 189	d/ 37	d/ 51	May 4	19,113	18,066
Danube coun. d/...	21,082	27,204	0	17	140	May 4	25,842	7,597
Total.....	53,849	58,467					51,973	41,348
<b>OATS, EXPORTS: c/</b>								
United States.....	5,361	1,405	0	1	0	May 4	1,152	707
Canada.....	14,158	8,336				Mar. 31	5,951	13,251
Argentina.....	32,331	29,406	d/ 55	d/ 0	d/ 207	Mar. 4	17,318	40,736
Danube coun. d/...	860	1,490	0	0	0	May 4	1,967	10
Total.....	52,710	31,637					26,368	54,684
<b>CORN, EXPORTS: e/</b>						Nov. 1 to		
United States.....	7,259	4,833	0	0	0	May 4	2,502	564
Danube coun. d/...	73,299	19,913	0	281	153	May 4	12,521	11,303
Argentina.....	186,050	228,864	d/ 3,736	d/ 5,812	d/ 7,808	May 4	106,876	90,022
South Africa d/...	12,610	8,583	443	493	655	May 4	0	11,862
Total.....	279,218	262,193					121,898	113,751
United States imports.....	169	1,362				Mar. 31	95	8,660

Compiled from official and trade sources. a/ The weeks shown in these columns are nearest to the date shown. b/ Preliminary. c/ Year beginning July 1. d/ Trade sources. e/ Year beginning November 1.



## OLIVES: Production, specified countries, 1928-29 to 1934-35

Country	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35
	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons
Spain.....	1,070,201	3,682,718	682,737	1,990,868	2,023,419	1,815,655	1,340,397
Italy.....	1,558,542	1,896,761	873,016	1,543,607	1,433,570	1,292,153	1,423,949
Algeria....	201,061	228,612	142,039	234,952	141,526	90,071	152,398
French							
Morocco..	55,115	57,320	61,768	60,365	59,778	54,013	82,674
Syria.....	44,402	94,318	48,667	75,514	39,095	54,596	54,895
France.....	47,935	53,902	30,621	34,780	52,029	43,761	64,760
Greece.....	54,067	38,084	28,886	35,250	43,710	26,991	30,865

Compiled by Foreign Agricultural Service Division from official sources.

COTTON: Price per pound of representative raw cottons  
at Liverpool April 26, 1935, with comparisons.

Description	1935									
	March					April				
	1	8	15	22	29	5	12	a/ 18	26	
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
American -										
Middling.....	14.28	14.13	13.15	12.52	12.79	12.85	13.41	13.40	13.59	
Low Middling.....	14.08	13.34	12.36	11.73	11.99	12.04	12.61	12.59	12.79	
Egyptian (Fully good fair)										
Sakellaridis.....	17.74	17.60	16.77	16.20	16.68	16.83	16.84	16.75	16.94	
Uppers.....	15.57	15.43	14.55	14.27	14.95	15.15	15.79	15.72	15.91	
Brazilian (Fair)										
Ceara.....	13.68	13.58	12.60	11.97	12.23	12.24	12.81	12.79	12.99	
Sao Paulo.....	14.08	13.98	12.99	12.36	12.63	12.64	13.21	13.20	13.39	
East Indian -										
Broach (Fully good).....	11.96	11.87	11.16	10.67	10.92	11.07	11.60	11.60	11.79	
Oomra No. 1, Fine.....	11.30	11.21	10.48	10.04	10.28	10.52	10.97	10.97	11.16	
Sind (Fully good).....	8.00	7.72	7.29	7.06	7.20	7.44	7.79	7.68	7.90	
Peruvian (Good).....										
Tanguis.....	16.19	16.07	15.09	14.45	14.65	14.67	15.23	15.22	15.39	

Compiled by Foreign Agricultural Service Division from the Liverpool Cotton Association Weekly Circular. Converted at current exchange rate. a/ Thursday prices due to Friday holiday.



May 13, 1935

## Foreign Crops and Markets

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JAPAN: Imports of cotton, March 1935, with comparisons  
(In bales of 500 pounds)

Month	American		Indian	
	1934	1935	1934	1935
	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>
February.....	164,330	173,123	18,197	187,964
March.....	534,174,184	53,893,097	975,175,398	909,170,938

Office of the Foreign Agricultural Service, Shanghai.

JAPAN: Stocks of American and Indian cotton in warehouses and  
sheds at Kobe, Yokohama, and Osaka, at end of March 1935,  
with comparisons  
(In bales of 500 pounds)

	American		Indian	
	1934	1935	1934	1935
	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>
February.....	387,063	495,169	19,673	245,980
March.....	387,949	-	63,326	-

Office of the Foreign Agricultural Service, Shanghai.

JAPAN: Cotton yarn production by counts, February and March 1935  
(In bales of 400 pounds)

Month	19 count and below	20 to 22 count	23 to 44 count	45 count and above	Total
	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>
February.....	30,523	93,881	120,409	10,753	305,571
March.....	78,270	92,587	114,923	9,738	295,518

Office of the Foreign Agricultural Service, Shanghai.

TOBACCO: Exports from the United States to designated regions,  
total and by types, 1934-35 season to  
March 31, with comparisons a/

Region	All tobacco b/		Flue-cured		Burley		Kentucky-Tenn. Fire-cured	
	1933-34	1934-35	1933-34	1934-35	1933-34	1934-35	1933-34	1934-35
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
United Kingdom and Ireland...	142,660	153,298	141,107	149,315	82	126	589	603
Cont'l Europe..	72,610	64,178	25,222	14,525	5,650	6,963	30,033	34,140
Canada.....	5,898	6,476	5,724	6,330	94	25	42	46
China and Japan	75,327	33,084	75,298	32,960	18	68	0	46
Australia.....	7,283	11,219	7,075	10,982	11	227	1	0
All others.....	16,498	16,132	8,795	9,149	525	302	1,449	1,248
Total.....	c/328,943	c/297,505	263,221	223,261	6,380	7,711	32,114	36,083
Dark Virginia		Maryland and Ohio Export		Green River		One Sucker		
United Kingdom and Ireland...	815	1,516	2	36	44	1,601	0	0
Cont'l Europe..	4,896	3,922	5,498	2,906	334	720	266	208
Canada.....	1	46	5	0	14	0	0	0
China and Japan	10	10	0	0	0	0	0	0
Australia.....	151	6	0	0	0	0	0	0
All others.....	714	740	160	1	241	157	191	157
Total.....	6,587	6,240	5,665	2,943	633	2,478	457	365
Black Fat		Cigar Leaf		Perique		Stems and Scrap		
United Kingdom and Ireland...	0	21	13	42	8	38	d/	d/
Cont'l Europe..	179	170	528	616	4	8	d/	d/
Canada.....	0	0	18	28	0	1	d/	d/
China and Japan	0	0	0	0	1	0	d/	d/
Australia.....	0	4	45	0	0	0	d/	d/
All others.....	4,075	4,134	348	244	0	0	d/	d/
Total.....	4,254	4,329	952	930	13	47	8,667	13,118

Compiled from official records of the Bureau of Foreign and Domestic Commerce.

a/ Flue-cured exports from July 1934 to March 1935 compared with July 1933 to March 1934, all other types, October 1934 to March 1935 compared with October 1933 to March 1934.

b/ Total of figures by types.

c/ Includes stems and scraps which are not included in figures by regions.

d/ Data not compiled.

May 13, 1935

## Foreign Crops and Markets

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BUTTER: New Zealand gradings, 1934-35 season  
to May 4, with comparisons.

Date	1932-33	1933-34	1934-35
	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>
Total August 1 to February 23.....	207,872	238,199	223,460
<u>Week ended</u>			
March 2.....	7,224	7,280	5,999
9.....	6,832	7,336	6,216
16.....	6,720	7,280	6,328
23.....	6,048	6,440	6,160
30.....	6,272	5,432	6,384
March total.....	33,096	33,768	31,087
April 6.....	5,712	6,216	5,880
13.....	5,992	4,928	5,712
20.....	4,368	4,480	5,768
27.....	3,864	3,472	4,558
April total.....	19,936	19,096	21,918
May 4.....	3,192	3,304	4,760
Total August 1 to May 4	264,096	294,367	281,225

Agricultural Attaché E. A. Foley, London.

BUTTER: Price per pound in New York, San Francisco, Montreal,  
Copenhagen, and London, May 9, with comparisons.

Market and description	1935			1934
	April 25	May 2,	May 9	May 10
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
New York, 92 score.....	33.0	28.8	28.2	24.5
San Francisco, 92 score..	28.0	27.0	28.0	21.0
Montreal, No. 1 pas- teurized.....	a/	a/	a/	20.4
Copenhagen, official quotation.....	14.9	14.3	13.7	13.2
London:				
Danish.....	20.4	19.7	19.3	18.9
New Zealand.....	16.4	17.0	16.8	17.2

Foreign prices converted at current rates of exchange.

a/ Quotation not available.

GRAINS: Exports from the United States, July 1-May 4, 1933-34 and 1934-35  
 PORK: Exports from the United States, Jan. 1-May 4, 1934 and 1935

Commodity	July 1-May 4		Week ended			
	1933-34	1934-35	April 13	April 20	April 27	May 4
	1,000	1,000	1,000	1,000	1,000	1,000
	bushels	bushels	bushels	bushels	bushels	bushels
GRAINS:						
Wheat <u>a/</u> .....	17,703	2,991	12	0	0	0
Wheat flour <u>b/</u> .....	16,271	15,383	164	127	122	136
Barley <u>a/</u> .....	5,682	3,895	19	30	0	5
Corn.....	3,894	1,838	2	0	0	0
Oats.....	437	101	0	0	1	0
Rye.....	21	0	0	0	0	0
	Jan. 1	May 4				
	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds
PORK:						
Hams and shoulders.....	19,466	17,438	709	1,094	957	1,271
Bacon, incl. sides.....	8,599	3,479	167	408	203	221
Pickled pork.....	4,631	3,044	52	28	88	7
Lard, excl. neutral.....	182,165	51,618	878	1,208	1,338	2,287

Division of Statistical and Historical Research. Official records, Bureau of Foreign and Domestic Commerce. a/ Included this week: Pacific ports, wheat, none; flour, 10,500 barrels; from San Francisco, barley 5,000 bushels; rice 3,060,000 pounds. b/ Includes flour milled in bond from Canadian wheat, in terms of wheat.

WHEAT, INCLUDING FLOUR: Shipments from principal exporting countries as given by current trade sources, 1932-33 to 1934-35

Country	Total shipments		Shipments 1935			Shipments	
	1932-33	1933-34	Apr. 20	Apr. 27	May 4	1933-34	1934-35
	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	bushels	bushels	bushels	bushels	bushels	bushels	bushels
North America <u>a/</u> .....	298,504	220,616	2,952	2,671	2,718	187,080	144,717
Canada, 4 markets <u>b/</u> .....	289,257	194,213	2,601	2,626	2,697	140,723	154,275
United States <u>c/</u> .....	41,211	37,002	127	122	136	33,974	18,374
Argentina.....	115,412	140,128	2,839	2,350	2,815	113,052	158,100
Australia.....	153,400	90,736	3,678	1,693	2,187	77,668	96,650
Russia <u>d/</u> .....	17,408	26,656	0	0	0	26,656	1,696
Danube and Bulgaria <u>d/</u> .....	1,704	15,872	0	64	0	13,760	688
British India.....	2,169	1,980	0	0	0	0	312
Total <u>f/</u> .....	588,597	495,988				418,216	402,163
Total European ship- ments <u>a/</u> .....	448,672	401,560	6,384			325,288	309,624
Total ex-European ship- ments <u>a/</u> .....	164,256	123,352	4,240			101,984	118,936

Division of Statistical and Historical Research. Compiled from official and trade sources. a/ Broomhall's Corn Trade News. b/ Fort William, Port Arthur, Vancouver, Prince Rupert, and New Westminster. c/ Official. d/ Black Sea shipments only. e/ Land trade not reported for March. f/ Total of trade figures includes North America as reported by Broomhall. g/ To April 20.



EXCHANGE RATES: Average weekly and monthly values in New York of specified currencies May 4, 1935, with comparisons a/

Country	Monetary unit	Month					Week ended		
		1933	1934	1935			1935		
		April	April	Feb.	March	April	April 20	April 27	May 4
		Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Argentina...	Paper peso...	26.82	34.35	32.46	31.80	32.22	32.32	32.20	32.21
Canada.....	Dollar.....	84.72	100.21	99.89	99.06	99.53	99.62	99.44	99.61
China.....	Shang.yuan...	22.20	34.15	36.54	38.30	38.79	39.34	39.95	40.79
Denmark.....	Krone.....	15.95	23.01	21.76	21.32	21.59	21.65	21.57	21.58
England.....	Pound.....	357.93	515.34	487.35	477.62	483.68	485.07	483.29	483.62
France.....	Franc.....	4.10	6.62	6.59	6.62	6.60	6.59	6.60	6.60
Germany.....	Reichsmark...	24.39	39.59	40.12	40.37	40.26	40.27	40.29	40.32
Italy.....	Lira.....	5.37	8.56	8.47	8.34	8.28	8.29	8.26	8.25
Japan.....	Yen.....	22.09	30.31	28.39	27.98	28.37	28.51	28.43	28.47
Mexico.....	Peso.....	27.02	27.72	27.75	27.75	27.94	27.96	28.51	27.78
Netherlands.	Guilder.....	41.95	67.85	67.56	67.95	67.46	67.46	67.57	67.68
Norway.....	Krone.....	18.32	25.88	24.49	24.03	24.30	24.37	24.28	24.29
Spain.....	Peseta.....	8.88	13.70	13.66	13.72	13.67	13.66	13.67	13.68
Sweden.....	Krona.....	18.81	26.56	25.13	24.65	24.93	25.00	24.91	24.93
Switzerland.	Franc.....	20.13	32.46	32.35	32.53	32.36	32.35	32.38	32.41

Federal Reserve Board. a/ Noon buying rates for cable transfers.

#### EUROPEAN LIVESTOCK AND MEAT MARKETS

(By weekly cable)

Market and item	Unit	Week ended		
		May 2, 1934 <u>a/</u>	April 24, 1935 <u>a/</u>	May 1, 1935 <u>a/</u>
GERMANY				
Prices of hogs, Berlin.....	\$ per 100 lbs.	12.21	15.53	15.94
Prices of lard, tcs. Hamburg...	"	13.01	27.11	27.12
UNITED KINGDOM: <u>b/</u>				
Prices at Liverpool 1st. quality				
American green bellies.....	\$ per 100 lbs.	17.63	14.56	14.46
Danish green sides.....	"	18.32	18.73	19.31
Canadian green sides.....	"	16.03	16.63	17.33
American short green hams....	"	18.09	19.22	19.20
American refined lard.....	"	5.53	12.04	11.96

Liverpool quotations are on the basis of sales from importer-to-wholesaler.

a/ Converted at current rate of exchange. b/ Week ended Friday.

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